In cost accounting, direct costs are easily and economically traced to cost object. On the other hand, overheads cannot be economically traced to cost object. Therefore, allocating overheads is considered as the main problem in cost accounting, whereas traditional methods such as Single plantwide factory overhead rate method and Multiple production department factory overhead rate method have been used. In addition, developed methods such as Activity based costing method (ABC) has been used to enhance the allocation of overheads to cost object.

Students are required to criticize both traditional methods and explain how is ABC being applied to a manufacturing company? What are the disadvantages of the ABC method?

Embed course material concepts, principles, and theories (require supporting citations) in your initial response along with at least two scholarly, peer-reviewed journal articles. Use academic writing standards and APA style guidelines.